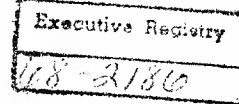


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30 April 1968

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Retirement Policy

1. This memorandum submits recommendations for your approval in paragraph 4.

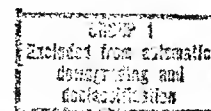
2. During the past several weeks I have reviewed the Agency's retirement policy with the Deputy Directors, the General Counsel, the Inspector General, the Director of Personnel, and the Chairman of the CIA Retirement Board.

3. Our discussion and conclusions are summarized as follows:

a. The National Security Act of 1947, Section 102 (c), provides, "Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555), or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission."

b. The principal issue of our discussion, and from which all others flow, is whether the Agency should have a policy requiring retirement earlier than provided by law under the Civil Service Retirement Act or the CIA Retirement and Disability System for GS-18s and above. After considerable discussion, it was the consensus that there should be an early retirement policy with a stipulated age at which most employees

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should leave. At the same time, it was recognized that, because the Directorates have different problems, Agency policy should be flexible enough to permit liberal exceptions when justified. This appears to be particularly true in the Intelligence Directorate because of the various types of professional employees needed and because these professionals often are individuals who have prepared themselves through academic study for long-range professional careers where an arbitrary retirement age would not be a condition of employment. Rationale in support of such a policy is attached at Tab A.

c. Having reached agreement that the Agency should have an early retirement policy with provision for exceptions to meet particular needs or circumstances, we then discussed the types of exceptions that could be identified and action recommended in advance. General agreement was reached on the following:

(1) There should be no general exception for employees who argue that at the time they entered on duty they were led to believe (or now believe) that they had the right to work until age 65 or 70, depending on the retirement system in which they participate.

(2) There is a small group (12) of Agency employees who will not have 12 years of creditable service by their scheduled retirement date. We feel that these employees, as a group, should be permitted to remain on duty until they accumulate 12 years of service when they earn the right to continue important statutory hospitalization and life insurance coverage.

(3) As originally conceived in 1959, our early retirement policy expected employees to retire at age 60 with 30 years of service or at age 62 with at least 5 years of service. When the Civil Service Retirement Act was amended in 1966 to include a provision for optional retirement at age 60 with 20 years of service, Agency policy was in turn revised. There were some employees who prior to the revision of Agency policy had been informed

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that their scheduled retirement would be at age 62 and presumably planned accordingly. With the change, their scheduled retirement age was lowered to 60. We feel that these employees should be permitted to remain on duty until age 62 if they so request. This does not include those employees who at age 60 have at least 30 years of service since this was a requirement under the earlier Agency policy.

(4) An overall exception should be made for the group of printers (57) who were induced to transfer from the Government Printing Office to the Agency with the assurance that they would not lose any benefits.

(5) There should be no overall exception for lower graded clerical employees. Each such case should be considered on its own merits.

(6) There should be no overall exception for employees with technical skills in grades GS-7 and below even though it might be difficult to recruit replacements and their loss would create training problems. Each such case should be considered on its own merits.

(7) No overall exception should be made for employees merely because they are writing Agency history.

4. It is recommended that:

a. Agency policy continue to provide that employees generally will be required to retire at age 60 or as soon thereafter as they are eligible for optional retirement under the law, regardless of whether they are covered by the Civil Service or the CIA retirement system.

b. Exceptions to the general policy be considered by the Director on an individual case basis when requested by the Head of Career Service or a Deputy Director.

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c. Overall exceptions as indicated in paragraphs 3. c. (2), (3), and (4) above be approved.



L. K. White  
Executive Director-Comptroller

Attachment  
Rationale

CONCUR:



Deputy Director  
for Support

Deputy Director  
for Plans



Deputy Director  
for Intelligence

Deputy Director  
for Science and Technology



General Counsel

Inspector General

The recommendations contained in paragraph 4 are approved.

Richard Helms  
Director of Central Intelligence

3 May 1968.

Date

SECRET

SUBJECT: Retirement Policy

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- 1 - Inspector General
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## RETIREMENT RATIONALE

1. The production of intelligence bearing on the national security for use at the highest levels of policy determination of the United States Government is a responsibility of the gravest note. The organization bearing this responsibility should be staffed with persons of the highest available intellect, integrity, professionalism, dedication, perspicacity, and dynamism. The Central Intelligence Agency's retirement policy is an essential element of its program for ensuring that its staff possesses these attributes to the highest degree feasible.

2. The personnel staffing program of the Agency is based on the concept of selective recruitment for career employment and managed career development. Selection standards are designed to accept only persons with the highest qualifications and potential for development. The Agency's development program provides a career-long blend of formal training and managed progression through appropriate assignments of increasing breadth and responsibility.

3. The goal of the Agency's development program is to place the best available employee in every position. Promotion policy reinforces career development by advancing those who excel and have the capacity for further growth. The Agency's rigorous system for evaluating the performance of its employees is designed to assure high levels of effectiveness. Those who are unsatisfactory are separated; those who are marginal or unlikely to find full career satisfaction are counseled to resign.

4. Intelligence activities are characterized by continuous changes--in requirements, methods, techniques, processes, and emphases. As these changes occur, the Agency reassigns its career staff employees and provides supplementary training as required. To the extent that these measures do not meet the needs, requisite skills, experience, and special abilities are acquired by the employment of new personnel.

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5. Because there are practical limits to the size of the Agency, the requirement for new employees and the operation of the career development program cannot be accomplished without attrition. Part of this attrition is provided by involuntary separations and resignations through the Agency's system for evaluating employee performance. Other vacancies are provided by voluntary retirement and resignation and by death and disability. But together these do not create a sufficient number of vacancies.

6. The Agency's retirement policy is an integral part of its program to maintain the high level of performance required by its mission and responsibilities. It also provides the additional attrition necessary for career development and the acquisition of new employees. This policy, adopted in 1959, generally limits the career span of its employees to age 60.

7. Agency employees, with some exceptions, have all attained their career peaks several years before reaching age 60. They have had a full CIA career and have made their maximum individual contribution to their Government. Exceptions specifically contemplated are individuals who possess rare scholarship and talents that would be difficult to replace in the normal course of career development and whose retirement would not be in the best interests of the Government. In some cases retirement at 60 may result in loss of valuable experience and know-how and only generate a recruitment and training requirement.

8. It is recognized that enforcement of the policy to retire employees at age 60 occasionally subordinates the personal desires of the individual to the best interests of the Government. This is usually the case when it is necessary for any reason to separate an employee. The normal voluntary retirement age for most Federal employees is 65, and the compulsory age under the Civil Service system is 70. Similar retirement ages for CIA would result in the gradual accumulation of an excessive number of employees of declining performance, whether due to declining health, motivation, or drive or to inability to adapt to change. The effectiveness with which the Agency fulfills its extraordinary responsibilities depends entirely upon the highest possible level of effectiveness in staffing the Agency. Consequently, extraordinary action toward attaining

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and maintaining this goal--such as effecting a retirement policy more stringent than that for the Federal service in general--is warranted.

9. Retirement at age 60 may appear less appropriate for those Agency employees who are in positions that are not unique to intelligence activities. In theory, it might be possible to identify all such positions and exempt the incumbents thereof from the retirement policy.

10. There are two reasons for not doing so. Attempts to formulate criteria of differentiation would generate new problems of morale and administration. The creation of exempt categories of employees would foster odious comparisons. It would thwart the implementation of the general retirement policy indefinitely as groups and individuals pleaded their individual cases.

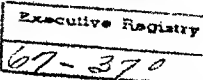
11. The more fundamental reason for not exempting certain categories of Agency employees is that the work of the Agency must be performed with utmost responsiveness. This requires a general state of mind on the part of all employees that timeliness is critical; accuracy is imperative; and absorption with the task at hand takes priority over personal distractions. Advancing years inevitably bring about a lessening of work vigor and enthusiasm. The larger the proportion of older employees, the greater the debilitating effects on the tenor of the Agency.

12. In summary, the age 60 retirement policy is a key element of the Agency's efforts to attain excellence in its staffing. Without the policy the entire personnel program of the Agency would be impaired. The most vigorous and productive individuals, finding themselves stymied, will leave the service or will never be persuaded to enter in the first place. By shortening the career span of all employees, service in intelligence will continue to be highly attractive to outstanding young men and women. In the end, our national intelligence objectives will be best served.

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27 JAN 1967



MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Policy Regarding Retirement of Employees Under  
Civil Service Retirement System

1. This memorandum submits recommendations for your approval; such recommendations are contained in paragraph 11.

2. In 1959 the Agency adopted a policy which "encourages employees to retire voluntarily as soon as they are eligible to do so under the Civil Service Retirement System. Employees are, therefore, expected to retire upon completing 30 years service at the age of 60, or after five or more years at the age of 62, except when requested by the Agency to remain in service." (Reference: [redacted] Deputy Directors and Heads of independent offices are authorized to make exceptions to this policy based on the need to retain the services of an employee with difficult-to-replace skills or experience; an Agency Retirement Board has been established to consider exceptions based on "compassionate grounds" . . . that is those involving unusual financial hardship.

3. When this policy was adopted, the Civil Service Retirement System had three provisions for optional retirement: at age 60 with 30 years of service, at age 62 with five years of service, and at age 55 with 30 years of service but with a reduction in annuity (reduction of one per cent for each year under age 60). It should be noted that CIA did not invoke the provision for optional retirement at age 55 with 30 years of service. Our policy as applied to Civil Service retirees can accurately be restated as expecting retirement as soon after attainment of age 60 as the employee can receive an immediate annuity without reduction.

4. Legislation enacted in 1966 amended the Civil Service Retirement Act to permit optional retirement without a reduction in annuity at age 55 with 30 years of service and at age 60 with 20 years of service, in addition to the previous provision for retirement at age 62 with five years of service. These changes have prompted a review of the Agency's present policy as it applies to employees covered under the Civil Service Retirement System.

5. Applied literally, the language of our present policy would "expect" and in effect require retirement of an employee under the Civil Service Retirement System at age 55 with 30 years of service. By contrast, our own CIA Retirement System, which was obtained to permit "early" retirement for employees who have served under certain special circumstances,

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SUBJECT: Policy Regarding Retirement of Employees Under  
Civil Service Retirement System

provides a mandatory retirement age of 60 for those employees in grade GS-17 or below and of 65 for those in grade GS-18 and above. It would seem incongruous to require an employee who does not qualify for our special "early" retirement system to retire at a lower age, i.e., 55, than specified for employees who are covered by our "early" retirement system. On this basis alone, it would seem inappropriate to apply the new "55-30" rule to employees under the Civil Service Retirement System without an equivalent application under the CIA Retirement System.

6. Moreover, the Administration's legislative proposal which resulted in the changes in the Civil Service Retirement System noted above included a provision for involuntary retirement at age 55 with 30 years of service for employees in grade GS-13 or above. This provision was attacked in the Congress and eliminated. Thus, it would appear that there has been a clear statement of Congressional policy in opposition to mandatory-involuntary retirement at age 55--even with full earned annuity. This reaction by the Congress reinforces the conclusion that we should not adopt as general policy involuntary 55-30 retirement. (It should be noted that Congress did legislate directed early retirement at age 50 with 20 years service for the CIA Retirement System.)

7. In the final analysis the feasibility of requiring employees to retire at age 55 must be evaluated in terms of the effect upon employee morale, attrition and recruitment. Although socioeconomic trends are running toward earlier retirement and larger annuities, I know of no governing agency or industry which has set so low a retirement age except when justified by special demands of the work and then only with compensatory inducements in the form of enhanced retirement benefits. One is led to the conclusion that such a policy would be an unacceptable condition of employment to both present and prospective employees.

8. There remains the question of whether or not the Agency's present Civil Service retirement policy should be modified to reflect in any degree the changes made in the optional retirement provisions of the Civil Service Retirement Act. Except for those cases of employees who had less than 30 years service at age 60 and thus would not have qualified for an immediate annuity until age 62 or more, the Agency has in effect established age 60 as the "normal" retirement age for its employees. Since an employee may now retire at age 60 with 20 years of service, it seems reasonable to apply the "age 60 retirement rule" to employees meeting this requirement. Age 62 should logically be retained as the retirement age for employees with at

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SUBJECT: Policy Regarding Retirement of Employees Under Civil Service Retirement System

least five years but less than 20 years of service since they otherwise can receive no annuity.

9. When we adopted our present policy, we were most lenient in granting exceptions to those employees immediately affected if they needed time to work out their retirement plans. Certainly, if we adopted a "60-20 rule," a grace period of two years should be allowed for those individuals who would have contemplated retirement at age 62 but who would now qualify for retirement at age 60.

10. Reaffirmation of age 60 as the Agency's "normal" retirement age raises the question of applying the mandatory retirement age of 65 for employees in grade GS-18 or above who are participants in the CIA Retirement System. There appears to be no reason for distinguishing between our two retirement systems with respect to the mandatory retirement age at this grade level. Under either system there is adequate provision to retain any employee, regardless of grade, if his services are needed or if compassionate circumstances exist. As a matter of background, it is noted that the difference in mandatory retirement age under the CIA Retirement Act at GS-18 and above in comparison to GS-17 and below is a feature which was inherited from the Foreign Service Retirement Act at a time when we were obliged to propose a system similar to the Foreign Service Retirement System. The Agency had developed no rationale for such distinction.

11. It is recommended that:

a. the Agency's current policy for employees under the Civil Service Retirement System be modified to "expect" employees to retire at age 60 with 20 or more years of service or at age 62 with five but less than 20 years of service;

b. implementation of the revised Civil Service Retirement policy be phased gradually over the next two years with liberal exceptions to give full consideration to its impact on individuals with less than 30 years service who might have reasonably expected to continue in employment until age 62;

c. participants in the CIA Retirement System be subject to "mandatory" retirement at age 60 regardless of grade level, but that implementation of this policy be phased over a two-year period with liberal exceptions; and,

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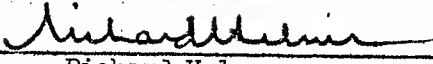
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SUBJECT: Policy Regarding Retirement of Employees Under  
Civil Service Retirement System

d. the Director of Personnel be directed to prepare appropriate revision of the regulations pertaining to both Civil Service and CIA retirement.

Emmett D. Echols  
Director of Personnel

The recommendations in paragraph 11 are approved.

  
Richard Helms  
Director of Central Intelligence

23 Feb 67  
Date

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